

ANNUAL FINANCIAL REPORT
ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
FOR THE YEAR ENDED
DECEMBER 31, 2008

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate, at the office of the parish clerk of court.

Release Date 8/12/09

ERICKSEN KRENTEL & LA PORTEL L.P.
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INDEPENDENT AUDITORS' REPORT

St. Rose Volunteer Fire Department, Inc.
P.O. Box 399
St. Rose, Louisiana 70087

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Rose Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended December 31, 2008, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the St. Rose Volunteer Fire Department, Inc. as of December 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2009, on our consideration of the St. Rose Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

St. Rose Volunteer Fire Department, Inc.

June 21, 2009

Page 2

The management's discussion and analysis information on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

June 21, 2009


Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. ROSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

This section of the St. Rose Volunteer Fire Department Inc.'s (the Fire Department) annual financial report presents management's analysis of the Fire Department's financial performance for the year ended December 31, 2008. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The Fire Department's net assets increased by \$70,486.
2. The general revenues of the Fire Department were \$511,542.
3. The total expenses of the Fire Department were \$441,056.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the Fire Department report information about the Fire Department using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Fire Department.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the Fire Department's net assets changed as a result of current period operations.

The following presents condensed financial information of the Fire Department.

SUMMARY OF NET ASSETS
AS OF DECEMBER 31, 2008 AND 2007

	<u>ASSETS</u>	
	December 31, 2008	December 31, 2007
Current assets	\$ 340,831	\$ 465,282
Capital assets, net of accumulated depreciation	1,164,862	739,506
Total assets	<u>\$ 1,505,693</u>	<u>\$ 1,204,788</u>

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. ROSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

LIABILITIES

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Current liabilities	\$ 44,792	\$ 67,375
Long-term liabilities	<u>710,225</u>	<u>457,223</u>
Total liabilities	<u>\$ 755,017</u>	<u>\$ 524,598</u>

NET ASSETS

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Invested in capital assets, net of related debt	\$ 419,377	\$ 245,363
Unrestricted	<u>331,299</u>	<u>434,827</u>
Total net assets	<u>\$ 750,676</u>	<u>\$ 680,190</u>

Total assets increased by \$300,905 (25%). This increase is primarily due to an increase in the Department's capital assets and a decrease in cash.

Total liabilities increased by \$230,419 (44%) primarily due to the incurrence of additional debt.

Total net assets increased by \$70,486 (10%) as a result of operations.

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
General revenues	\$ 511,542	\$ 454,819
Expenditures/ expenses	<u>(441,056)</u>	<u>(430,247)</u>
Change in net assets	<u>\$ 70,486</u>	<u>\$ 24,572</u>

The change in net assets increased by \$45,914 (187%). This is a result of operations and an increase in capital assets in excess of assets financed.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. ROSE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

CAPITAL ASSETS

Following is a schedule of capital assets, net of accumulated depreciation:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Land	\$ 90,577	\$ 90,577
Buildings and improvements	327,607	315,779
Equipment	162,424	185,214
Vehicles	<u>584,253</u>	<u>147,936</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,164,862</u>	<u>\$ 739,506</u>

The major additions to capital assets during the year consisted of a new rescue truck and a new emergency generator along with various other fire equipment.

LONG-TERM DEBT

At December 31, 2008, the Fire Department has \$745,009 in long-term debt which consisted of one note payable to Capital One and one note payable to First National Bank. During the year, the Fire Department's long-term debt increased by \$252,240.

CONTACTING THE FIRE DEPARTMENT'S MANAGEMENT

This report is designed to provide a general overview of the Fire Department and to demonstrate the Fire Department's accountability for its finances. If you have any questions about this report or need additional information, please contact Mr. Melvin Melancon, St. Rose Volunteer Fire Department, Inc., P.O. Box 399, St. Rose, Louisiana 70087.

BASIC FINANCIAL STATEMENTS

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

ASSETS:

Cash	\$ 271,385
Due from Parish	25,725
Other receivable	1,283
Prepaid expenses	42,438
Capital assets, net of accumulated depreciation	<u>1,164,862</u>
Total assets	<u>1,505,693</u>

LIABILITIES:

Accounts payable	9,532
Accrued interest payable	476
Notes payable:	
Due within one year	34,784
Due after one year	<u>710,225</u>
Total liabilities	<u>755,017</u>

NET ASSETS:

Investment in capital assets, net of related debt	419,377
Unrestricted	<u>331,299</u>
Total net assets	<u>\$ 750,676</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

FUNCTIONS/PROGRAMS**GOVERNMENTAL ACTIVITIES:**

Public safety - fire protection	\$ 441,056
	<u>441,056</u>
Total expenses	<u>441,056</u>
Net (expense) from governmental activities	<u>(441,056)</u>

GENERAL REVENUES:

Sales tax - 1/8 cent	299,568
Ad valorem tax	160,700
Fire insurance rebate	22,387
Other revenues	<u>28,887</u>
Total general revenues	<u>511,542</u>
Change in net assets	70,486
Net assets - beginning	<u>680,190</u>
Net assets - ending	<u>\$ 750,676</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
BALANCE SHEET
DECEMBER 31, 2008

ASSETS

Cash	\$ 271,385
Due from Parish	25,725
Other receivable	1,283
Prepaid expenses	<u>42,438</u>
 Total assets	 <u>\$ 340,831</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	<u>\$ 9,532</u>
 Total liabilities	 <u>9,532</u>

FUND BALANCE:

Reserved for prepaid expenses	42,438
Unreserved	<u>288,861</u>
 Total fund balance	 <u>331,299</u>
 Total liabilities and fund balance	 <u>\$ 340,831</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

Fund balance - total governmental fund	\$	331,299
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,164,862
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Long term liabilities are not due and payable in the current period and,
therefore are not reported in the governmental funds. Interest on
long-term debt is not accrued in governmental funds, but rather
is recognized as an expenditure when due. All liabilities (both current
and long term) are reported in the Statement of Net Assets.

Accrued interest payable		(476)
Notes payable		<u>(745,009)</u>

Net assets of governmental activities	\$	<u>750,676</u>
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The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUES:

Sales tax - 1/8 cent	\$ 299,568
Ad valorem tax	160,700
Fire insurance rebate	22,387
Other revenues	<u>10,448</u>
 Total revenues	 <u>493,103</u>

EXPENDITURES:

Utilities:	
Electricity, water and gas	16,019
Telephone	7,658
Equipment:	
Maintenance	23,437
Fuel	11,993
Rental of equipment	2,420
Insurance	17,540
Buildings:	
Insurance	11,471
Maintenance	11,881
Firefighting expenditures:	
Fire fighting supplies	15,411
Insurance	21,858
Training	2,548
Miscellaneous:	
Accounting and auditing	4,000
Salaries	66,771
Payroll taxes	7,630
Employee benefits	10,306
Office expenses	3,266
Meetings and other	15,241
Dues and subscriptions	1,755
Capital outlay:	
Equipment purchases and building additions	576,938
Debt repayment:	
Debt retirement	82,760
Interest expense	<u>40,183</u>
 Total expenditures	 <u>951,086</u>
 (Deficiency) of revenues over expenditures	 (457,983)

OTHER FINANCING SOURCES:

Proceeds from insurance and sale of asset	19,455
Proceeds from issuance of long-term debt	<u>335,000</u>
 Total other financing sources	 <u>354,455</u>
 Net change in fund balance	 (103,528)
 FUND BALANCE, BEGINNING OF YEAR	 <u>434,827</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 331,299</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Net change in fund balance - governmental fund \$ (103,528)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However in
the Statement of Activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense. This
is the amount by which capital outlays of \$576,938 exceeded
depreciation of \$150,566 in the current period. 426,372

Repayments of note principal are reported as financing uses in
governmental funds and thus contribute to the reduction in fund balance.
In the statement of net assets, however, repayment of debt decreases the
long-term liabilities and does not affect the statement of activities. 82,760

Proceeds from new borrowings are reported as other financing sources
in governmental funds, but are treated as debt on Statement of Net
Assets and not as revenue in the government-wide presentation. (335,000)

Loss on disposal of assets in Statement of Activities reflects the
total sale proceeds received less the net book value of the capital assets.
Governmental funds report capital outlays as expenditures when purchased
and only the gross proceeds received when the assets are disposed of. (1,016)

Under the modified accrual basis of accounting used in the governmental
funds, interest on long-term debt is not recognized until due, rather
as it accrues. 898

Change in net assets of governmental activities \$ 70,486

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The St. Rose Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

Basis of Presentation

The Fire Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Fire Department's basic financial statements include both government-wide (reporting the Fire Department as a whole) and fund financial statements (reporting the Fire Department's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Fire Department's fire protection activities and related general administrative services are classified as governmental activities. The Fire Department does not have any business-type activities.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Government-Wide Financial Statements (GWFS)
(continued)

In the government-wide Statement of Net Assets (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Department's net assets are reported in two parts – invested capital assets and unrestricted net assets.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the Fire Department's function. The function is supported by general government revenues (1/8 cent sales tax and ad valorem tax). The Fire Department does not receive related program revenues and operating grants which would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the Fire Department as an entity and the change in the Fire Department's net assets resulting from current year's activities.

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the Fire Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The Fire Department's current operations require the use of only the following fund type:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the Fire Department.

General Fund

The General Fund is the principal fund of the Fire Department and is used to account for the operations of the Fire Department. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The Fire Department records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2010. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Revenues (continued)

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Cash

The Fire Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Fire Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Custodial credit risk is the risk that in the event of a bank failure, the Fire Department's deposits may not be returned to it. As of December 31, 2008, \$27,079 of the Fire Department's bank balance \$413,847 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the Fire Department's name	\$ <u>27,079</u>
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Budgets and Budgetary Accounting

The Fire Department was not required to prepare a budget for the year ended December 31, 2008.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire Department maintains a threshold level of \$300 or more for capitalizing capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are recorded in the Statement of Net Assets and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 years
Fire protection vehicles	10 years
Fire stations and other buildings	20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

(2) SALES TAX REVENUE

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc.

For December 31, 2008, the sales tax is distributed on the following basis:

	<u>Percent of Monthly Basis</u>	<u>Remaining Funds 1/1/08-12/31/08</u>
Bayou Gauche Volunteer Fire Dept., Inc.	\$ 2,500	3.86%
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.43%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	23.47%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	6.82%
Killona Volunteer Fire Dept., Inc.	\$ 2,500	1.52%

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(2) SALES TAX REVENUE (CONTINUED)

	Percent of Monthly Basis	Remaining Funds 1/1/08-12/31/08
Luling Volunteer Fire Dept., Inc.	\$ 2,500	29.43%
Norco Area Volunteer Fire Dept., Inc.	\$ 2,500	9.75%
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.64%
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	16.08%

(3) DUE FROM PARISH

Revenue receivable at December 31, 2008 consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 2008, collected on or before December 20, 2008 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2009.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2008.

(4) CAPITAL ASSETS

	Balance 01/01/08	Additions 2008	Retirements 2008	Balance 12/31/08
Fire protection vehicles	\$ 835,484	\$ 499,873	\$ -	\$ 1,335,357
Equipment	1,144,952	42,460	(29,428)	1,157,984
Buildings	784,114	34,605	-	818,719
Land	90,577	-	-	90,577
	<u>2,855,127</u>	<u>576,938</u>	<u>(29,428)</u>	<u>3,402,637</u>
Less: accumulated depreciation	<u>(2,115,621)</u>	<u>(150,566)</u>	<u>28,412</u>	<u>(2,237,775)</u>
Total capital assets, net	<u>\$ 739,506</u>	<u>\$ 426,372</u>	<u>\$ (1,016)</u>	<u>\$ 1,164,862</u>

Depreciation expense for the year ended December 31, 2008 was \$150,566.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(5) LONG-TERM DEBT

	<u>Balance at</u> <u>01/01/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/08</u>	<u>Due Within</u> <u>One Year</u>
Note payable to Capital One Bank, interest at 6.27%, due 12/25/07. Refinanced 3/25/08 at interest rate of 5.846%, 59 payments of \$3,668 with a final payment of \$336,069 on March 25, 2013. Secured by real estate.	\$ 438,011	\$ -	\$ (14,628)	\$ 423,384	\$ 19,793
Note to Capital One Bank, interest at 6.85%, principal and interest due in 120 monthly installments of \$637 due June 30, 2015. Secured by real property.	44,842	-	(44,842)	-	-
Note to Ford Credit, interest at 7.74%, principal and interest due in 36 monthly installments of \$862, due October 6, 2008. Secured by vehicle.	9,916	-	(9,916)	-	-
Note to First National Bank, interest at 6.25%, principal and interest due in 35 monthly installments of \$2,889 with a final payment of \$293,618 due June 3, 2011. Secured by vehicle.	-	335,000	(13,375)	321,625	14,991
Total	<u>\$ 492,769</u>	<u>\$ 335,000</u>	<u>\$ (82,760)</u>	<u>\$ 745,009</u>	<u>\$ 34,784</u>

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2008

(5) LONG-TERM DEBT (CONTINUED)

Following is a summary of future principal and interest requirements:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 34,784	\$ 43,903	\$ 78,687
2010	36,936	41,751	78,687
2011	312,921	27,840	340,761
2012	23,577	20,442	44,019
2013	<u>336,791</u>	<u>3,272</u>	<u>340,063</u>
	<u>\$ 745,009</u>	<u>\$ 137,208</u>	<u>\$ 882,217</u>

Interest costs incurred and expensed for the year ended December 31, 2008 was \$40,183.

(6) RISK MANAGEMENT

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to firemen; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

St. Rose Volunteer Fire Department, Inc.
P.O. Box 399
St. Rose, Louisiana 70087

We have audited the financial statements of the governmental activities and each major fund of St. Rose Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended December 31, 2008, which collectively comprise the Fire Department's basic financial statements and have issued our report thereon dated June 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Rose Volunteer Fire Department, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Rose Volunteer Fire Department, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fire Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fire Department's financial statements that is more than inconsequential will not be prevented or detected by the Fire Department's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

St. Rose Volunteer Fire Department
June 21, 2009

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fire Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 2008-1 and 2008-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Rose Volunteer Fire Department, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the St. Rose Volunteer Fire Department in a separate letter dated June 21, 2009.

St. Rose Volunteer Fire Department's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Fire Department's response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of St. Rose Volunteer Fire Department, Inc., St. Charles Parish and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 21, 2009


Certified Public Accountants

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008

We have audited the financial statements of St. Rose Volunteer Fire Department, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated June 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2008 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses X Yes No

Significant Deficiencies X Yes No

Compliance

Non-Compliance Material to Financial Statements Yes X No

b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses Yes No

Significant Deficiencies Yes No

Type of Opinion on Compliance Unqualified Qualified
for Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Dollar threshold used to distinguish Type A and Type B Programs \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

☐ Yes ☐ No **Not Applicable**

SECTION II FINANCIAL STATEMENT FINDINGS

2008-1 Segregation of Duties

Criteria: Safeguarding of assets requires adequate segregation of duties in an effective internal control structure. No one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash receipts and disbursements.

Effect: Intentional or unintentional errors could be made and not be detected.

Cause: The Department is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel.

Recommendation: The Board of Directors should remain involved in the day-to-day financial affairs of the Department to provide oversight and independent review functions. The bookkeeper should not have access to cash receipts. Instead, someone independent of the bookkeeper should prepare a list of checks received and should make bank deposits. The list would be given to the bookkeeper for general ledger recording.

Management's Response: Management agrees with the recommendation; however, they feel that because of the small number of personnel in the Department it is not possible to remove the bookkeeper from the depositing responsibility. The Board of Directors, however, will continue to monitor and review all financial transactions of the Department.

2008-2 Correctly Code Expenditures

Criteria: All transactions entered should be coded to the appropriate accounts to produce accurate and useful financial statements.

Condition: Many items were miscoded in the general ledger during 2008.

Effect: The failure to properly code transactions could lead to inaccurate financial statements.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

2008-2 Correctly Code Expenditures (continued)

Cause: The Fire Department has a high turnover of accounting personnel and lacks the proper policies and procedures manual to train each new individual.

Recommendation: The Department should make a list of which items should be coded into each account. We also recommend the Department develop and maintain a policies and procedures manual. This manual should include all areas of activities, including administrative and operations. A policy and procedures manual will document how the Fire Department operates and will support cross-training and personnel turnover when necessary.

Management's Response: Management agrees with the recommendations and will determine the most effective way to train its financial personnel.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

2007-1 Segregation of Duties

Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives relative to cash receipts and disbursements.

The Department is small, and it was determined not to be feasible to maintain adequate segregation of duties. This issue remains unresolved.

2007-2 Bank Reconciliations

Bank reconciliations were either not being performed timely or being performed or being performed inaccurately

The Department is performing the bank reconciliations and they are being performed correctly. This issue is resolved.

2007-3 Correctly Code Expenditures

Many items were miscoded in the general ledger during 2007.

The Department was not able to correct this problem and many items were miscoded on 2008 general ledger. This issue remains unresolved.

2007-4 Loaning, Pledging or Granting Things of Value

The Fire Department allowed the relative of the fire chief to live in a trailer and use fire department utilities in violation of the Louisiana Constitution.

The Department determined an amount that was deemed to be an appropriate charge for the use of the utilities. On April 5, 2008 the Fire Department received reimbursement from this individual in the amount of \$2,888 for utilities estimated to have been used. This issue is resolved.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

2007-5 Information Return Compliance

The fire department did not obtain form W-9's or issue the required information returns for several businesses and individuals who provided goods or services of \$600 or more to the fire department.

The fire department did not have any businesses or individuals who provided goods or services of \$600 or more to the fire department in 2008. This issue is resolved.

2007-6 Record Retention Requirements

Bid packets of the unsuccessful bidders on a bid for the purchase of capital assets were not retained before it had been examined by the Legislative Auditor or a Certified Public Accountant authorized to perform the audit.

Bid packets were retained for capital asset purchases during 2008. This issue is resolved.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

Not Applicable

SECTION III MANAGEMENT LETTER

Not Applicable

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June 21, 2009

To the Board of Directors of the
St. Rose Volunteer Fire Department
St. Rose, Louisiana

In planning and performing our audit of the financial statements of the St. Rose Volunteer Fire Department for the year ended December 31, 2008, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comments regarding this matter. This letter does not affect our report dated June 21, 2009, on the financial statements of the St. Rose Volunteer Fire Department.

Our comment is summarized as follows:

2008-3 FUTA

501(c)(3) organizations are exempt from the Federal Unemployment Tax Act and do not have to file Form 940 and pay the related taxes. The Fire Department should file an amended 2008 Form 940 requesting a refund for taxes paid for 2008 explaining that the Department is a 501(c)3 and is therefore exempt. In addition, a Form 940 should not be filed in the future.

We will review the status of this comment during our next audit engagement. We have already discussed these comments with various Fire Department personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendation.



Certified Public Accountants